

Traders Group Ltd

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On April 12, Aetna Factors Corporation Ltd. will be offering to the business community the first factoring service to be located in Vancouver. Aetna Factors, which is owned jointly by Traders Group Limited and The Royal Bank of Canada, will be located in Vancouver's downtown Royal Centre. The company presently provides factoring and import-export financing service to more than 300 firms, and handles almost half of total factoring volume in Canada which makes it the biggest company of its kind in the country.

The Vancouver office will be headed by Manager, Doug Baxter.

Aetna is setting up business in Vancouver because of the large volume of business that has been developed in western Canada. The new branch will shortly service all of the western business presently handled by the company's Montreal and Toronto offices, as well as assuming responsibility for new business generated.

What is factoring? In a sense it is like insurance. The factoring company protects the client's accounts receivable against credit loss. The credit risk is guaranteed on all approved sales.

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The factor checks all credit requests, maintains all the client's accounts receivable ledgers, the preparation and mailing of monthly statements, and handles collections. The advantages to the businessman are the elimination of his credit department, collection department and all credit losses. The factor provides this service for a fee which is based on a percentage of a company's sales volume. In addition, the factor can make available cash advances to the business - up to 80 per cent of the invoice value - immediately upon shipment of merchandise.

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Accounts receivable financing differs from factoring in that the factor does not assume the credit risk, nor do collections. The businessman continues to handle his receivables in the normal manner. The factor will usually structure the loan in participation with the businessman's bank. Accounts receivable financing has strong appeal where traditional financing through a bank would be insufficient to support the growth pattern.

Aetna is also deeply involved with "import and export factoring" a service of interest to companies who move goods into or out of the country. Aetna is a member of Factors Chain International, a world-wide network of factoring companies.

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Aetna's Doug Baxter says, "Factoring is not only a service on its own, but can also be supplementary to bank financing. Our company works in cooperation with all the chartered banks. This is an ideal arrangement for many companies because it means they can maintain a relationship with their banks, and obtain additional working capital financing through factoring."

Aetna's clients include manufacturers and importers of textiles, apparel, sporting goods, furniture, carpeting, and footwear. However, in Vancouver, the company will be directing a good deal of its marketing effort towards importing companies.

